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BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
OF THE STATE OF CALIFORNIA

In the Matter of:)	ESCROW LICENSE NOS.: 9632541,
)	96DBO-49449
THE COMMISSIONER OF BUSINESS)	
OVERSIGHT,)	ACCUSATION TO SUSPEND
)	ESCROW AGENT LICENSE PURSUANT TO
Complainant,)	FINANCIAL CODE SECTION 17608
)	
v.)	
)	
CAPITAL ESCROW INC.,)	
)	
Respondent.)	
)	

The Complainant, the Commissioner of the Department of Business Oversight
(Commissioner), alleges and charges Respondent Capital Escrow Inc. (Capital Escrow) as follows:

I.
Introduction

The Commissioner seeks to suspend Capital Escrow's escrow agent license pursuant to
Financial Code section 17608 for its repeated failures to meet the tangible net worth and liquid asset
requirements of Financial Code section 17210 and pursuant to Financial Code section 17602.5 for
failure to file a timely report to the Department of Business Oversight (DBO).

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II.
Facts

1. Capital Escrow is an escrow agent licensed by the Commissioner pursuant to the Escrow Law (Fin. Code, § 17000 et seq.) (Escrow Law).¹ Capital Escrow has its principal place of business located at 16250 Ventura Boulevard, Suite 115A, Encino, California 91436, and a branch office at 1000 Town Center Drive, Third Floor #300-48, Oxnard, California 93036.

2. The Commissioner licenses and regulates the activities of escrow agents.

3. Section 17210 requires all escrow agent licensees to maintain a tangible net worth of at least \$50,000.00 for their main office and at least \$25,000.00 more for an additional branch office.

4. Capital Escrow's combined tangible net worth requirement is \$75,000, because it operates a main office and a branch office.

5. Section 17210 also requires all escrow agent licensees to maintain liquid assets of at least \$25,000.00.

6. Pursuant to section 17602.5, licensed escrow agents must make any reports required by law or by the commissioner within 10 days from the date designated for making of such reports.

7. On March 6, 2017, the DBO commenced a regulatory examination of Capital Escrow.

8. During the examination, the DBO's review of Capital Escrow's February 2017 financial statements found that Capital Escrow's tangible net worth was \$9,865.74 short of the \$75,000 requirement and its liquid assets were \$16,822.39 short of the \$25,000 requirement, in violation of Section 17210.

9. On March 30, 2017, the DBO sent a letter directing Capital Escrow to submit proof that it had corrected the above-described deficiencies by April 29, 2017. Capital Escrow received the letter by certified mail on April 3, 2017.

10. Capital Escrow failed to submit proof that it had corrected the deficiencies by April 29, 2017.

11. The March 30, 2017 letter informed Capital Escrow that if it failed to respond, the DBO could move to suspend Capital Escrow's license.

¹ All subsequent statutory references are to the Financial Code unless otherwise noted.

13. Capital Escrow's May 2017 financial statements indicated that Capital Escrow was \$18,239.08 short of the \$75,000 tangible net worth requirement and \$23,536.68 short of the \$25,000 liquid asset requirement, in continued violation of Section 17210.

14. Capital Escrow later provided its June 2017 financial statements to the DBO showing that its \$30,000.00 deposit had corrected its tangible net worth and liquid asset deficiencies.

15. At the direction of the DBO, Capital Escrow later provided its July 2017 and August 2017 financial statements.

16. Capital Escrow's July 2017 financial statements indicated that Capital Escrow was \$17,536.29 short of the \$75,000.00 tangible net worth requirement and \$21,156.09 short of the \$25,000.00 liquid asset requirement.

17. Capital Escrow's August 2017 financial statements indicated that it had corrected its net worth and liquid asset deficiencies.

Authority to Suspend Capital Escrow's License

18. Section 17608 provides, in pertinent part, as follows:

The commissioner may, after notice and a reasonable opportunity to be heard, suspend or revoke any license if he finds that:

(b) The licensee has violated any provision of this division or any rule made by the commissioner under and within the authority of this division.

19. Section 17602.5 provides that if an escrow agent fails to make a report within 10 days of the date designated by the Commissioner, “such failure shall constitute grounds for the suspension or revocation of the license held by such escrow agent.”

Prayer

20. The Commissioner finds that, by reason of the foregoing, Capital Escrow Inc. has violated section 17210 by repeatedly failing to meet its tangible net worth and liquid asset

1 requirements, and has violated section 17602.5 by failing to file a timely report with the
2 Commissioner. These violations constitute grounds for suspension of Capital Escrow Inc.'s escrow
3 agent's license.

4 WHEREFORE, IT IS PRAYED pursuant to section 17608, that the escrow agent's license of
5 Capital Escrow Inc. be suspended for a period of seven days.

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7 Dated: February 2, 2018
8 San Francisco, California

JAN LYNN OWEN
Commissioner of Business Oversight

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10 By: _____
11 CHARLES CARRIERE
12 Counsel
13 Enforcement Division
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